# GOVERNMENT OF INDIA
# AGRICULTURE
# LOK SABHA

UNSTARRED QUESTION NO:171
ANSWERED ON:20.10.2008
LOWER MSP TO FARMERS
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**Will the Minister of AGRICULTURE be pleased to state:**

(a) whether the Government saved Rs. 10,000 crore on wheat procured this season, by paying the domestic producers lower than the international procurement prices;

(b) if so, the details thereof;

(c) whether there is a demand from farmers for separating Minimum Support Price from procurement prices and keeping the procurement prices at par with the international reference prices; and

(d) if so, the details thereof and response of the Government thereto?

## Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a) & (b): Under the existing policy, the Central Government through Food Corporation of India (FCI) and State agencies procure all the foodgrains conforming to the prescribed specifications offered for sale at specified centers at the Minimum Support Price (MSP). The producers have the option to sell their produce to FCI/State Agencies at MSP or in the open market as is advantageous to them. During the current Rabi Marketing season (RMS) 2008-09, MSP for wheat was increased to Rs. 1000 per quintal from Rs. 850 (including incentive bonus of Rs. 100 per quintal) fixed in RMS 2007-08.

(c)&(d): While recommending the MSPs, the Commission on Agricultural Costs & Prices (CACP) holds consultations with various interest groups and stake holders, including farmers, and while formulating recommendations on MSP considers, interalia, factors such as cost of production, input prices, inter-crop price parity and international market price situation.